

that I have made my case as strongly as I can with regard to that particular point.

I now come to point No. 3. In his submissions to the committee, the Minister of Finance referred to the taking of chances. He precluded the likelihood of chances being taken, I suggest, by saying:

Finally, I would like to say a few words about the objective of profitability. Clearly the CDC must operate in a way that will make it an attractive investment vehicle for Canadians. A major objective for the corporation is that its shares should eventually be widely held by Canadians. This objective would soon be undermined if the CDC were expected, in the national interest, to subsidize certain activities for the achievement of essentially social goals.

In a way, I agree with him and in a way I disagree. Suppose, for example, CDC were considering whether to take over Air Canada or Canadian National Railways or the Canadian Broadcasting Corporation. CDC would then have to decide whether the objectives of those organizations to be taken over would put the corporation into a non-profit position. For instance, that position might be brought about because it was necessary to develop an airport at Yellowknife, or to develop a radio or television service to Labrador, or the like. You can see the awkward position in which the CDC would be put if it were tied forever and a day to the concept of profitability. In this regard, I am sure that I am giving my friends to my left all the comfort in the world. The minister says that, no, the corporation cannot do that because it must make profits. That statement may have hamstrung Canada Development Corporation forever and a day. It may suit the objectives of the corporation to do certain things in one half of a decade, and not to do them in another half of a decade, the consideration being how the economic winds blow. Sir, for that reason I do not think that CDC, under its present set-up, will succeed.

May I put the objections that will preclude the taking of chances in another way. May I quote from the brief which the Toronto and District Liberal Association submitted. That submission, surely, should be gospel to those on the government side of the House, despite the defection of the hon. member for Spadina (Mr. Ryan), the hon. member for Trinity (Mr. Hellyer) who at one time was Minister of Transport and the hon. member for Duvernay (Mr. Kierans) who was Minister of Communications. I quote from page 4 of the original submission:

What government can go into an election with shares in the national corporation biting the dust?

—The financial community is inherently skeptical—perhaps with justification—of the concept of a \$5.00 widow—and—orphans stock. The CDC should most emphatically not be a pseudo mutual fund. There are already many good Canadian based mutual funds, for the private investor.

The rest of the brief deals with points of esoteric Liberalism that I am sure would be dear to your heart, Sir, and to the hearts of many people in this chamber. Point number three, precluding the taking of chances, means that the corporation would never be able to operate as a viable entity, that is to take chances over a short period in the hope that in the long run it would be able to operate.

Canada Development Corporation

• (2:40 p.m.)

I said earlier that I had five objections. I will now deal with objection number four, that is that the aims of the corporation are not really established in the legislation. In this regard, I will quote several witnesses. The first quotation will be from a brief submitted from Mr. D. P. Thomas of Collier Norris and Quinlan Limited. This firm is a member of the Toronto, Montreal and Canadian Stock Exchanges. Their address is 800 Dorchester Boulevard West, Montreal. I quote from the brief submitted by Mr. Thomas:

It is probably fair to assume that the Government should have at least average success in attracting people of competence. But if the Corporation is to be something of real consequence in Canadian life, then those who are anxious for its creation should establish its philosophy and policies, and not just hope that good managers will do something good with it. Certainly Bill C-219 leaves the whole operation wide open not only in the briefly stated purpose, but also in the statutory powers. Even the best of managers, reading through the Bill would be hard pressed to say exactly what it is he should be doing.

The same point is made, although in a different way, namely, what are we trying to cure, in a brief submitted by Brown Farris and Jefferson Ltd., financial counsellors. I quote from the brief:

We therefore believe there are opportunities for the CDC to fill now lacking gaps in the Canadian financial scene by

(a) being a source of large-scale capital for new ventures and expansion purposes as is not presently available in this country other than from foreign sources,

(b) improve the availability of venture and expansion capital for smaller projects—

That, of course, is ruled out by the clause which deals with the \$100 million floor.

—for which the present sources are either inadequate or are located such that they are unaware of many of the good opportunities outside Eastern Canada or do not have the means of ready contact.

(c) perform functions often associated with merchant banks, such as the fostering of public issues and providing a non-conflicting underwriting source, and take the lead in providing Canadian financing in an attempt to persuade other Canadian and foreign venture capital institutions to take substantial positions.

One could say "amen" to all of these suggestions. That brief comes close to illustrating one of the problems which we have in Canada, the development of a truly merchant banking system.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I must advise him that his time has expired. The hon. member may continue with the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Mr. McCleave: I thank my colleagues, Mr. Speaker. My speech will not be half completed, thus necessitating continuing at a future time. I will not abuse the privilege afforded to me.

The point to which I have just referred is contained in a brief submitted by D. Wm. Carr & Associates Ltd.